

46-4-403 Transferable records.

- (1) As used in this section, "transferable record" means an electronic record that:
 - (a) would be a note under Title 70A, Chapter 3, Uniform Commercial Code - Negotiable Instruments, or a document under Title 70A, Chapter 7a, Uniform Commercial Code - Documents of Title, if the electronic record were in writing; and
 - (b) the issuer of the electronic record expressly has agreed is a transferable record.
- (2) A person has control of a transferable record if a system employed for evidencing the transfer of interests in the transferable record reliably establishes that person as the person to which the transferable record was issued or transferred.
- (3) A system satisfies Subsection (2), and a person is deemed to have control of a transferable record, if the transferable record is created, stored, and assigned in such a manner that:
 - (a) a single authoritative copy of the transferable record exists that is unique, identifiable, and, except as otherwise provided in Subsections (3)(d), (e), and (f), unalterable;
 - (b) the authoritative copy identifies the person asserting control as:
 - (i) the person to which the transferable record was issued; or
 - (ii) if the authoritative copy indicates that the transferable record has been transferred, the person to which the transferable record was most recently transferred;
 - (c) the authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;
 - (d) copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control;
 - (e) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and
 - (f) any revision of the authoritative copy is readily identifiable as authorized or unauthorized.
- (4)
 - (a) Except as otherwise agreed, a person having control of a transferable record is the holder, as defined in Subsection 70A-1a-201(2)(u), of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under Title 70A, Uniform Commercial Code, including, if the applicable statutory requirements under Subsection 70A-3-302(1), Section 70A-7a-501, or Section 70A-9a-308 are satisfied, the rights and defenses of a holder in due course, a holder to which a negotiable document of title has been duly negotiated, or a purchaser, respectively.
 - (b) Delivery, possession, and indorsement are not required to obtain or exercise any of the rights under Subsection (4)(a).
- (5) Except as otherwise agreed, an obligor under a transferable record has the same rights and defenses as an equivalent obligor under equivalent records or writings under Title 70A, Uniform Commercial Code.
- (6)
 - (a) If requested by a person against which enforcement is sought, the person seeking to enforce the transferable record shall provide reasonable proof that the person is in control of the transferable record.
 - (b) Proof may include access to the authoritative copy of the transferable record and related business records sufficient to review the terms of the transferable record and to establish the identity of the person having control of the transferable record.

Amended by Chapter 272, 2007 General Session